

**Asian Association of Utah**

**Year Ended June 30, 2006**

**Financial Statements**

**With Supplementary Information  
And  
Compliance Reports**

**And**

**Independent Auditor's Report**



## **Asian Association of Utah**

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SHAW/MUMFORD  
AND CO. P.C.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

We have audited the accompanying statement of financial position of Asian Association of Utah (a nonprofit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2005 financial statements and, in our report dated December 18, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian Association of Utah as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2006 on our consideration of Asian Association of Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Asian Association of Utah taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
November 27, 2006

**Asian Association of Utah**  
**Statement of Financial Position**  
**June 30, 2006**  
**With Comparative Totals For June 30, 2005**

	<u>6/30/2006</u>	<u>6/30/2005</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 742,992	\$ 396,051
Accounts and grants receivable	426,613	423,923
Prepaid expenses	<u>18,941</u>	<u>4,875</u>
Total current assets	<u>1,188,546</u>	<u>824,849</u>
Fixed assets, at cost		
Leasehold improvements	205,069	205,069
Vehicles	99,629	99,629
Equipment and furniture	<u>38,192</u>	<u>35,643</u>
Total fixed assets	<u>342,890</u>	<u>340,341</u>
Less: accumulated depreciation	<u>(182,540)</u>	<u>(157,601)</u>
Net fixed assets	<u>160,350</u>	<u>182,740</u>
Total assets	<u>\$ 1,348,896</u>	<u>\$ 1,007,589</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 61,706	\$ 37,718
Accrued vacation	80,895	78,932
Accrued payroll and payroll taxes	56,134	40,590
Other accrued liabilities	<u>896</u>	<u>21,463</u>
Total current liabilities	<u>199,631</u>	<u>178,703</u>
Net assets		
Unrestricted	1,149,265	828,886
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>1,149,265</u>	<u>828,886</u>
Total liabilities and net assets	<u>\$ 1,348,896</u>	<u>\$ 1,007,589</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Activities**  
**Year Ended June 30, 2006**  
**With Comparative Totals For The Year Ended June 30, 2005**

	<u>6/30/2006</u>			<u>6/30/2006</u>	<u>6/30/2005</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>					
TAG & TANF grant revenue	\$ 611,916	\$ -	\$ -	\$ 611,916	\$ 674,371
Federal grant - TCE/HIV	580,112	-	-	580,112	666,200
Federal grant - Hope	476,337	-	-	476,337	170,932
CARE grant	232,696	-	-	232,696	215,000
Tobacco Prevention	152,457	-	-	152,457	111,263
Department of Workforce Services	122,081	-	-	122,081	134,079
Salt Lake County A&D Prevention	124,336	-	-	124,336	104,025
Utah State Office of Education	78,568	-	-	78,568	78,355
Fee for service revenue	62,320	-	-	62,320	58,095
HealthyU grant	49,257	-	-	49,257	-
Molina revenues	33,075	-	-	33,075	15,200
United Way	26,257	-	-	26,257	30,329
United Way - ACCESS	12,383	-	-	12,383	10,300
Asian festival	9,835	-	-	9,835	9,525
Medicaid	6,410	-	-	6,410	4,704
Eligibility grant	3,745	-	-	3,745	-
Interest	2,462	-	-	2,462	669
Intake Fees	2,005	-	-	2,005	1,250
Donations	1,467	-	-	1,467	7,933
Salt Lake County - Parking Lot	-	-	-	-	25,000
World Refugee Day	-	-	-	-	7,922
Emergency Food grants	-	-	-	-	3,750
National Library of Medicine	-	-	-	-	2,173
Total revenues and support	<u>2,587,719</u>	<u>-</u>	<u>-</u>	<u>2,587,719</u>	<u>2,331,075</u>
<b>EXPENSES</b>					
Program services	1,920,526	-	-	1,920,526	1,900,076
Management and general	215,284	-	-	215,284	117,301
Fundraising	131,530	-	-	131,530	166,354
Total expenses	<u>2,267,340</u>	<u>-</u>	<u>-</u>	<u>2,267,340</u>	<u>2,183,731</u>
Change in net assets	320,379	-	-	320,379	147,344
Net assets, beginning of year	<u>828,886</u>	<u>-</u>	<u>-</u>	<u>828,886</u>	<u>681,542</u>
Net assets, end of year	<u>\$ 1,149,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,149,265</u>	<u>\$ 828,886</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2006**  
**With Comparative Totals For The Year Ended June 30, 2005**

	6/30/2006			6/30/2006	6/30/2005
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 1,026,169	\$ 139,165	\$ 85,024	\$ 1,250,358	\$ 1,198,756
Payroll taxes	96,161	13,041	7,968	117,170	111,114
Employee benefits	175,721	23,831	14,560	214,112	158,461
<b>Total salaries and related expenses</b>	<b>1,298,051</b>	<b>176,037</b>	<b>107,552</b>	<b>1,581,640</b>	<b>1,468,331</b>
Client services	146,374	19,851	12,128	178,353	188,842
Contracted services	119,576	-	-	119,576	73,721
Retirement	82,855	11,237	6,865	100,957	75,448
Rent	77,088	-	-	77,088	77,283
Repairs and maintenance	37,668	-	-	37,668	39,749
Supplies	34,741	-	-	34,741	60,024
Travel	25,792	3,498	2,137	31,427	13,308
Equipment and software	12,508	1,696	1,036	15,240	20,759
Utilities	14,856	-	-	14,856	13,516
Telephone	11,442	-	-	11,442	13,461
Workshops and training	7,146	-	-	7,146	10,828
Insurance	6,744	-	-	6,744	19,604
Property taxes	6,279	-	-	6,279	10,084
Meetings	5,962	-	-	5,962	6,280
Advertising	5,736	-	-	5,736	5,723
Miscellaneous	3,217	-	-	3,217	7,308
Postage	2,630	-	-	2,630	2,665
Printing	1,394	189	116	1,699	3,943
Sub grantee expenses	-	-	-	-	51,000
<b>Total expenses before depreciation</b>	<b>1,900,059</b>	<b>212,508</b>	<b>129,834</b>	<b>2,242,401</b>	<b>2,161,877</b>
Depreciation	20,467	2,776	1,696	24,939	21,854
<b>Total expenses</b>	<b>\$ 1,920,526</b>	<b>\$ 215,284</b>	<b>\$ 131,530</b>	<b>\$ 2,267,340</b>	<b>\$ 2,183,731</b>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Cash Flows**  
**Year Ended June 30, 2006**  
**With Comparative Totals For The Year Ended June 30, 2005**

	<u>6/30/2006</u>	<u>6/30/2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 320,379	\$ 147,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,939	21,854
Changes in current assets and liabilities:		
Accounts receivable	(2,690)	146,395
Prepaid expenses	(14,066)	5,709
Accounts payable	23,988	2,614
Accrued vacation	1,963	17,426
Accrued payroll and payroll taxes	15,544	(17,936)
Other accrued liabilities	(20,567)	15,241
Net cash provided by operating activities	<u>349,490</u>	<u>338,647</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash purchases of fixed assets	<u>(2,549)</u>	<u>(53,821)</u>
Net cash (used in) investing activities	<u>(2,549)</u>	<u>(53,821)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net change in cash	346,941	284,826
Cash and cash equivalents, beginning of year	<u>396,051</u>	<u>111,225</u>
Cash and cash equivalents, end of year	<u>\$ 742,992</u>	<u>\$ 396,051</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Notes to Financial Statements**  
**June 30, 2006**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Asian Association of Utah (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on September 2, 1977. The Organization's mission is to advocate equality for Utah's Asian Americans in areas of immigration, employment, housing, social adjustment, education and all other social and economic concerns of the community. The direct services provided by the Organization strive to assist Asians to achieve community integration while retaining cultural identities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.



#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

#### Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty years. Depreciation expense for the year ended June 30, 2006 was \$24,939.

#### Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2006.

#### Government Funding

Funding from all government sources is considered to be unrestricted as long as it's expended under contract guidelines and is expended in the period for which it is contracted.

#### Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At June 30, 2006, \$662,043 of the total cash balance was uninsured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization receives a substantial portion of its revenue from government contracts and grants. Any decreases in government funding would have an impact on the future operations of the Organization.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2006, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Reclassifications

Certain items from June 30, 2005 have been reclassified to conform to the June 30, 2006 presentation.

**3. LEASE OF FACILITY**

The Organization leases its facility under an operating lease from the Utah Asian Community Foundation (an affiliated organization). The term of the lease is for ten years, which began in April 1, 1997, and requires monthly lease payments of \$5,834. As part of the lease agreement the Organization is required to pay the Foundation for major improvements and renovations.

Beginning January 1, 2000, the Organization also leased a parking facility from the affiliated organization above for \$590 per month. This lease runs concurrent with the building lease above and expires March 31, 2007.

The following is a schedule of future minimum lease payments that the Organization is obligated to pay:

<u>Year Ended June 30,</u>	<u>Building</u>	<u>Parking Lot</u>	<u>Total</u>
2007	<u>52,506</u>	<u>5,310</u>	<u>57,816</u>

Rent expense for the year ended June 30, 2006 was \$77,088.

**4. RETIREMENT PLAN**

The Organization has adopted a tax-sheltered annuity which provides for a salaried deferral arrangement for participating employees. The Organization uses a contribution rate equivalent to that used by the State of Utah Retirement System. The tax-sheltered annuity permits an employee to defer an amount out of his or her salary on an individual basis. Separate accounts are maintained for each participating employee. The total retirement plan expense was \$100,957 for the year ended June 30, 2006.

**5. PRIOR YEAR INFORMATION**

The financial statements for the year ended June 30, 2005 are presented for comparative purposes only. The notes presented herein contain information relating to June 30, 2006 only. Please refer to the June 30, 2005 audited financial statements for information relating to the notes for the prior year.

**SUPPLEMENTARY INFORMATION**  
**AND**  
**COMPLIANCE REPORTS**

**Asian Association of Utah**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Agency or Pass-through Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Programs			
Multicultural Substance Abuse Treatment and HIV Service (TCE/HIV)	6 H79 TI14384	93.243	\$ 389,641
HOPE grant	90ZT0045	93.604	390,431
Passed through Utah Department of Health Refugee Health Services	056397	93.566	82,118
Passed through Salt Lake County			
Drug Abuse Prevention (CARE)	AL04507C	93.959	69,101
Drug Abuse Treatment (MTS)	AL05512C	93.959	37,690
Refugee Resource Center (TAG)	BJ3313C	93.584	492,793
Temporary Aid to Needy Families	BJ05246C	93.558	119,123
Passed through Utah Department of Workforce Services CURE	041945	93.566	<u>136,021</u>
Total U.S. Department of Health and Human Services			<u>1,716,918</u>
<b><u>U.S. Department of Education</u></b>			
Passed through Salt Lake County			
Safe and Drug Free Schools (CARE)	AL05512C	84.186b	107,274
Passed through Utah State Office of Education Civics and Adult Education	-	84.002A	<u>78,568</u>
Total U.S. Department of Education			<u>185,842</u>
Total Expenditures of Federal Awards			<u>\$ 1,902,760</u>

**Note 1 - Basis of Accounting**

The supplementary schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Grant expenditures are recognized as funds are spent or accrued. The information in this schedule is prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 - Pass-Through Awards**

The Organization receives certain federal financial assistance from pass-through awards. The total federal financial assistance from pass-through awards is noted above.

**Asian Association of Utah**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Summary of Auditors' Results**

1. We issued an unqualified opinion in our report on the financial statements of Asian Association of Utah for the year ended June 30, 2006.
2. The results of our audit tests disclosed no instances of noncompliance which were considered material to the financial statements.
3. We issued an unqualified opinion in our report on compliance for major programs for the year ended June 30, 2006.
4. The results of our audit disclosed no audit findings which we are required to report.
5. The major programs of Asian Association of Utah for the year ended June 30, 2006 is as follows:

i. Refugee Resource Center	CFDA Number	93.584
ii. HOPE	CFDA Number	93.604
6. The dollar threshold used to distinguish between Type A and Type B programs was \$500,000.
7. Asian Association of Utah did qualify as a low-risk auditee.

**Findings Related To The Financial Statements**

None

**Findings and Questioned Costs for Federal Awards**

None

**Findings of Prior Audit - Year Ended June 30, 2005**

There were no findings reported for the year ended June 30, 2005. Therefore, there are no outstanding resolution matters relating to major federal programs.



SHAW/MUMFORD  
AND CO. P.C.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

We have audited the financial statements of Asian Association of Utah (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated November 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Asian Association of Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Asian Association of Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shaw Mumford & Co., P.C.*

Bountiful, Utah  
November 27, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

Compliance

We have audited the compliance of Asian Association of Utah (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Asian Association of Utah's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Asian Association of Utah's management. Our responsibility is to express an opinion of Asian Association of Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Asian Association of Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Asian Association of Utah's compliance with those requirements.

In our opinion, Asian Association of Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Asian Association of Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Asian Association of Utah's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shaw Munford & Co, P.C.*

Bountiful, Utah  
November 27, 2006